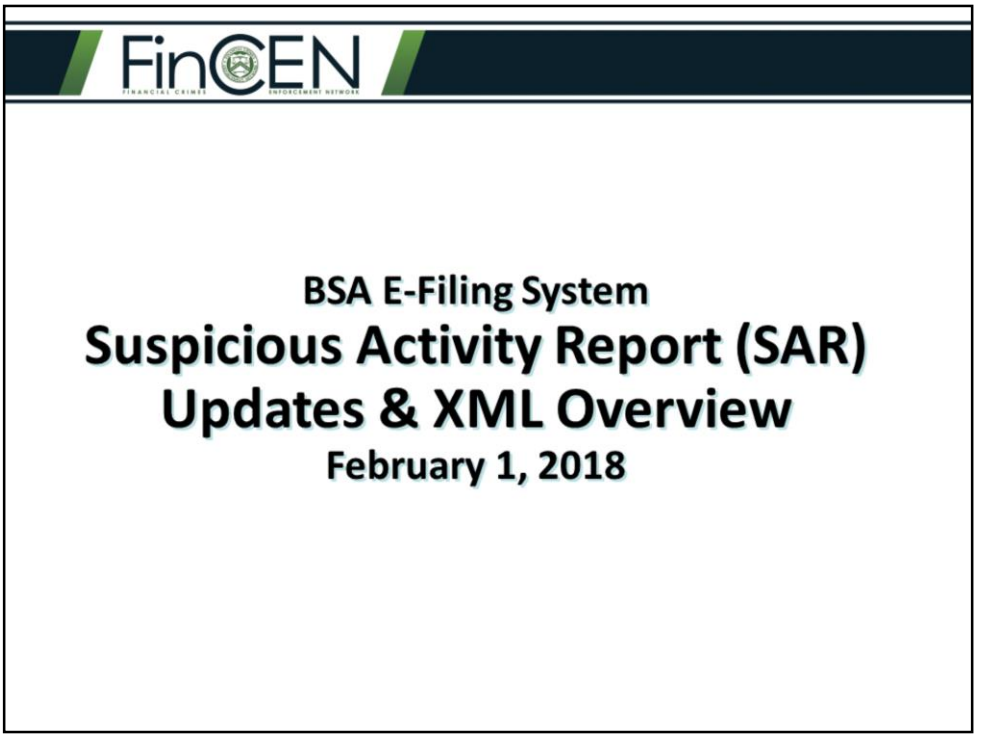
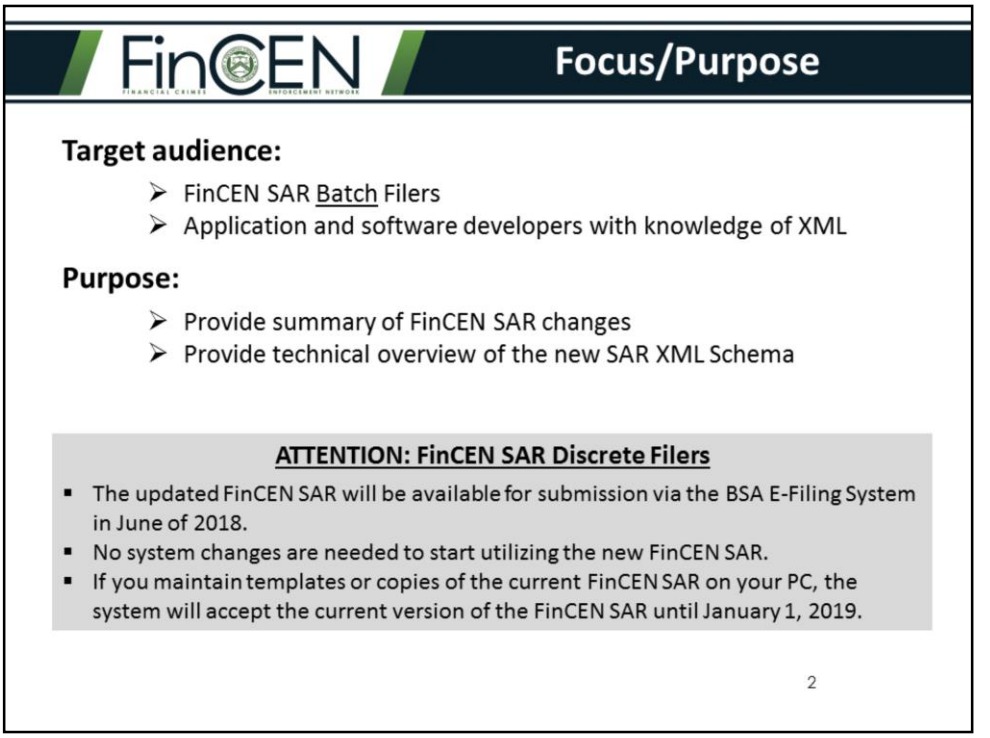
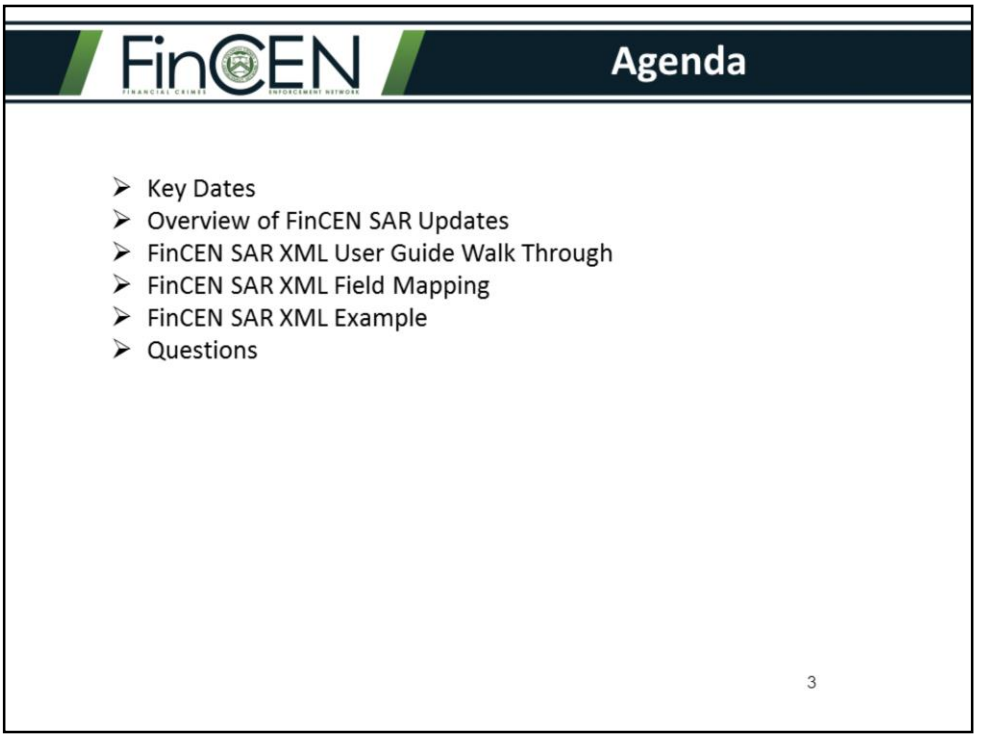


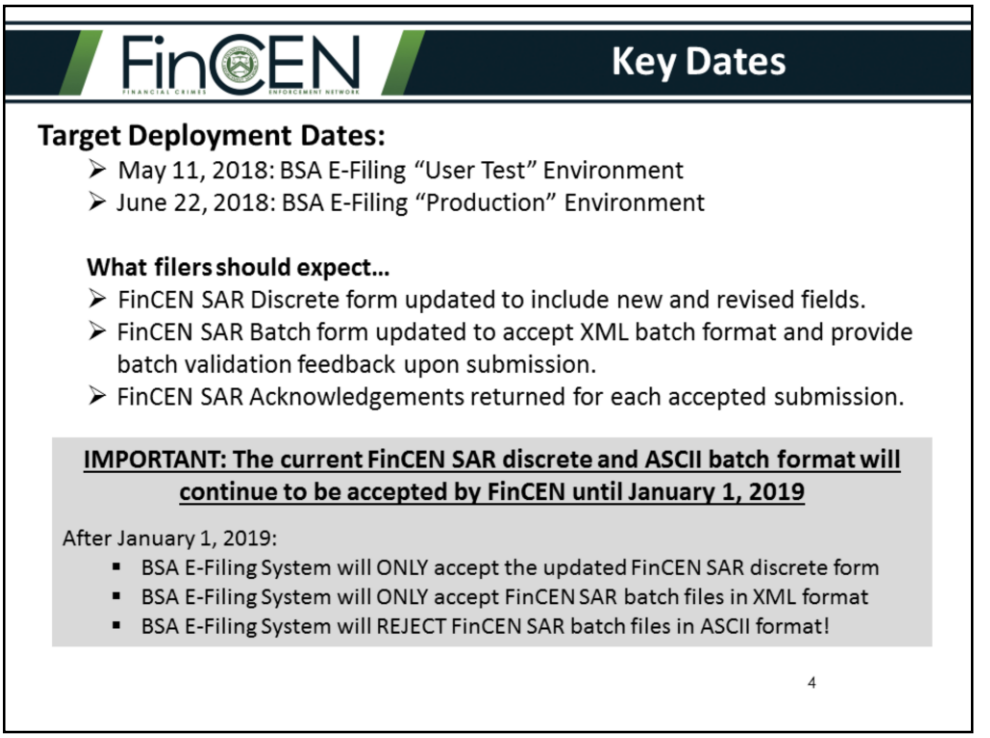
Good afternoon and welcome to the BSA E-Filing System Suspicious Activity Report webinar. Today we will go over the upcoming changes to the FinCEN SAR as well as provide a technical overview of the new FinCEN SAR XML schema and user guide. We will be recording this session and will make the recording available for download on the BSA E-Filing web site.



The target audience for this webinar are application and software developers who develop systems and software to extract data from databases to create batch files for upload to the BSA E-Filing System. We will provide a summary of the upcoming SAR changes, as well as a technical overview of the new SAR XML schema format the BSA E-Filing System will start accepting in June of 2018. If you are a discrete/online filer, the SAR will automatically be updated in June. There are no system changes needed for discrete filers, the new SAR will be available to download and submission in June. If you have local copies of the SAR stored as templates (for example, a blank SAR with your bank information stored), you can continue to submit these templates until January 1, 2019. As this is a technical webinar focused on batch filing, we would request if you are a discrete filer to logoff from the webinar to allow any application or software developer to attend. We will be recording this webinar so you will be able to view the recording at a later date.



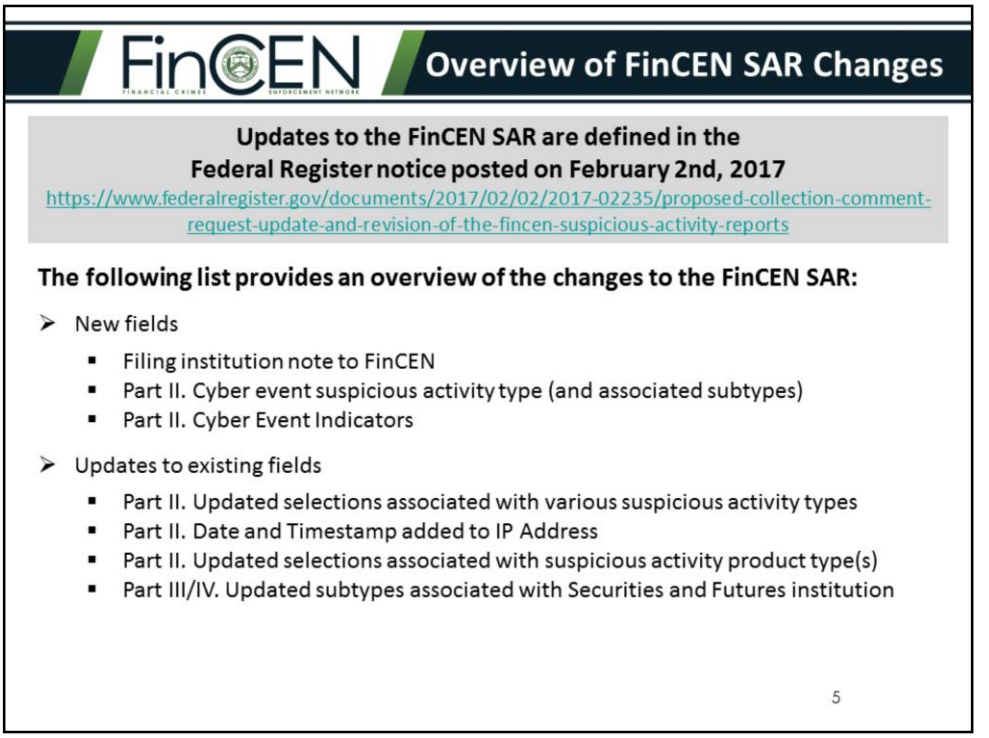
We will be covering the following areas during this webinar. We will discuss the key dates for the system changes and the impact to the filing community. We will provide an overview of the upcoming changes to the SAR. We will then walkthrough of the SAR XML User Guide. We have documented the mapping between the updated SAR discrete form and the SAR XML Schema directly in the User Guide. This information will be presented to assist with identifying the association between the SAR Discrete report and the SAR XML schema. We will then provide an example of a SAR XML batch file. Finally, we will solicit questions from the participants using the webinar software interface. Participants can type in their questions and we will respond to common questions being received. We will attempt to answer as many of your questions as possible by the end of this webinar and in the follow-up webinar soon to be scheduled.



June 22, 2018, to deploy the updated SAR discrete and XML batch filing functionality to the Production environment. Please note: one month prior on May 11, 2018, FinCEN will deploy the SAR XML batch filing functionality to the User Test environment to allow batch filers the ability to test with BSA E-Filing prior to submitting to production.

Once deployed to production, the updated SAR Discrete form will be available on the site for download, input, and submission. In addition, the SAR Batch form will be updated to accept batches in the new SAR XML format. Server-to-server batch filers will also have the ability to file using the new XML format. Batch validation data will be generated upon submission and provided to the batch filer, as well as acknowledgement data in XML format returned for each accepted SAR batch.

The BSA E-Filing System will continue to accept the current SAR Discrete form if you have locally stored copies and also the current SAR ASCII Batch format until January 1, 2019. After this date, the BSA E-Filing System will be updated to only accept the updated SAR Discrete form. The system will also be updated to only accept the SAR XML format for batch submissions. Once this update is complete, any SAR ASCII Batch format submitted will be REJECTED by the system. This timeline allows approximately 1 year for all SAR Discrete and ASCIII batch filers to convert over to the new SAR.



For a detailed list of the upcoming changes to the SAR, you may refer to the Federal Register notice posted on February 2, 2017.

The next few slides will provide an overview of the changes to the SAR, which we have categorized as “New fields” and “Updates to existing fields”.

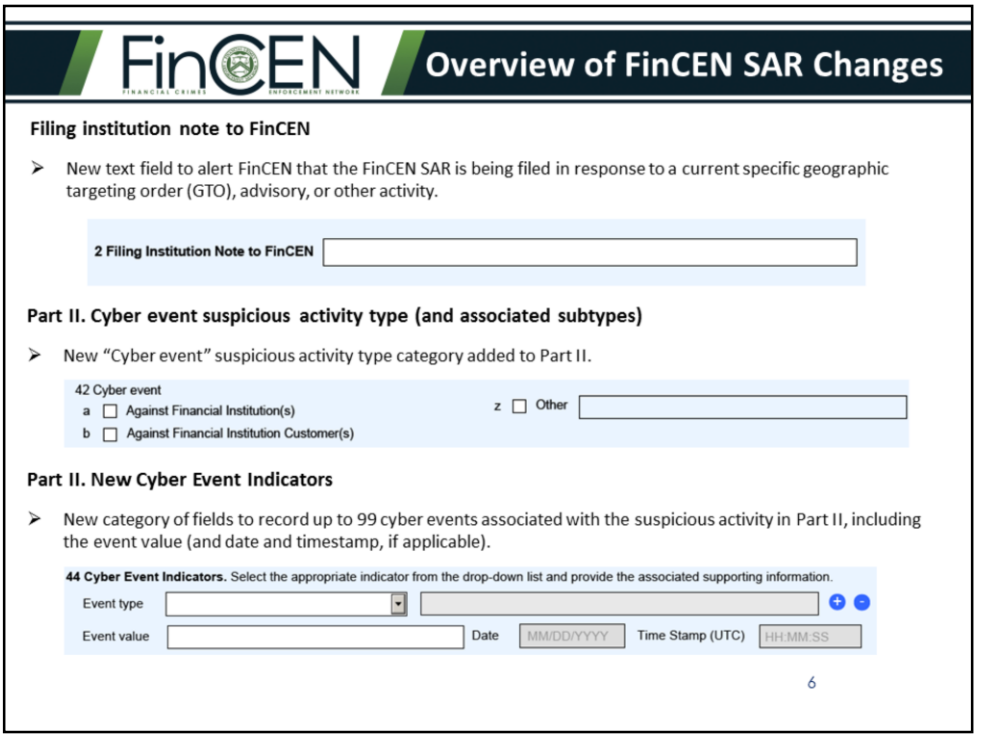
Three new fields are being added to the SAR.

- The first is the Filing institution not to FinCEN: This text field allows the filer to alert FinCEN that the SAR is being filed in response to a current specific geographic targeting order (GTO), advisory, or other activity.
- The second new field is a Cyber event suspicious activity type and associated subtypes added to Part II.
- The third new field is a Cyber Event Indicators field where the filer can report various cyber events such as Command and control IP addresses, Ports, Suspicious file names, etc.

Updates to existing fields include:

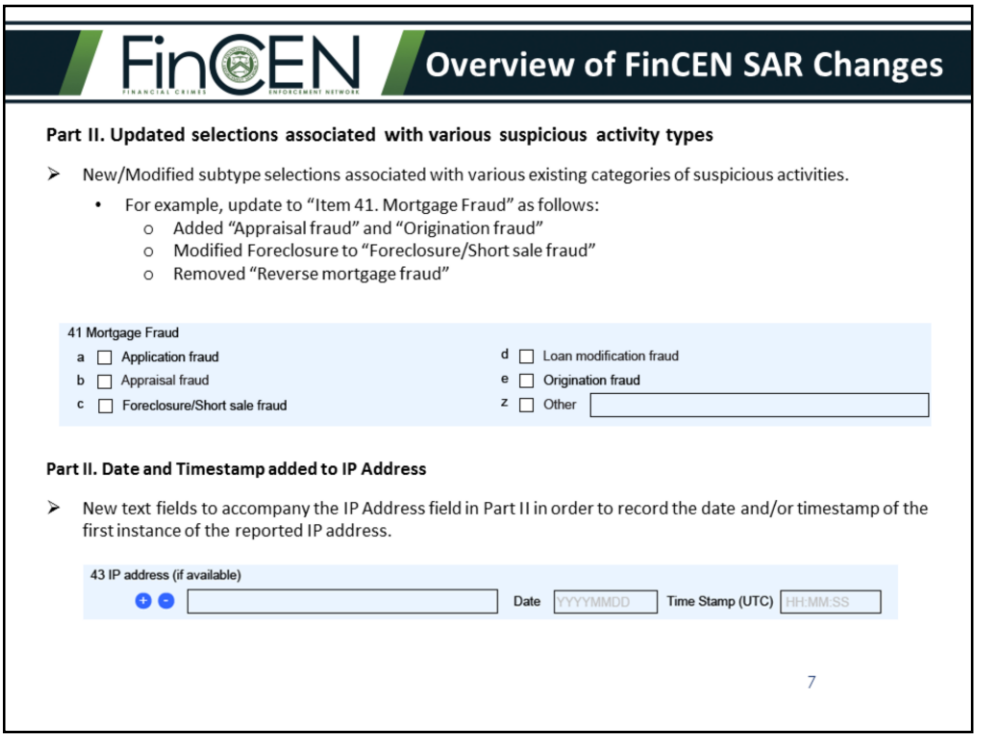
- Updated subtype selections associated with various suspicious activity types in Part II;
- New Date and Timestamp fields added to the IP Address field Part II;

- Updated selections associated with suspicious activity product type(s) in Part II;
- And Updated subtypes associated with Securities and Futures institutions in Parts III and IV.

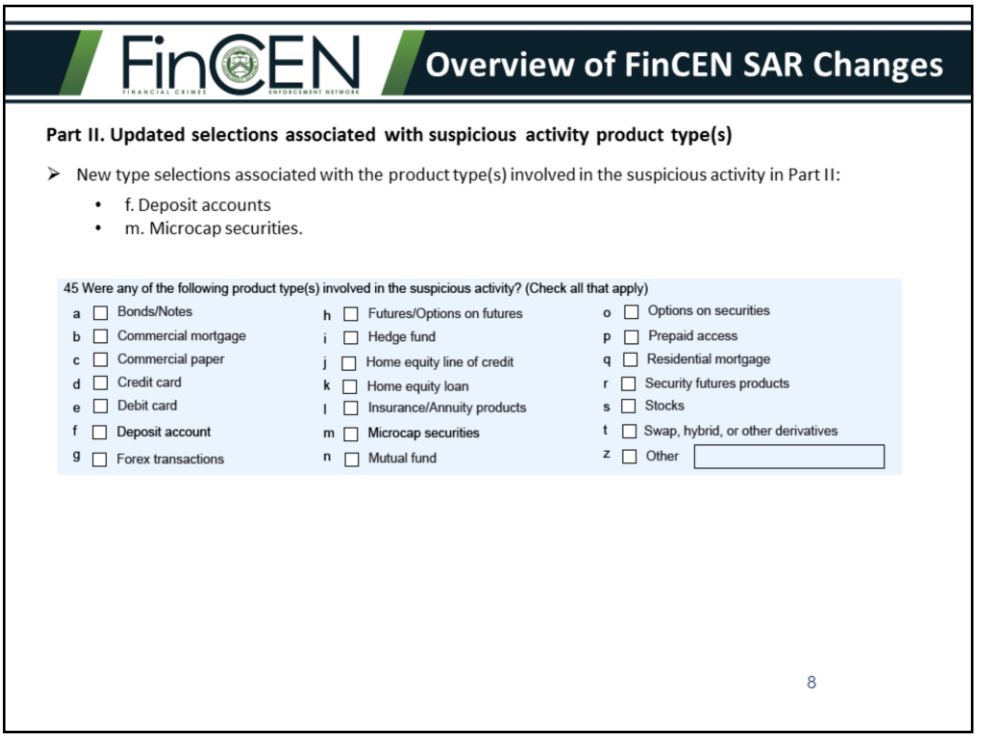


FinCEN is currently in the process of developing and testing the updated SAR with the approved changes, so the following mock-ups may change slightly; however, for purposes of this webinar, we've included the following images as examples of the changes to the SAR. Item instructions included in the User Guide within Attachment C describe the definition of these term and how to complete.

(talk to specific changes detailed on the slide)



(talk to specific changes detailed on the slide)



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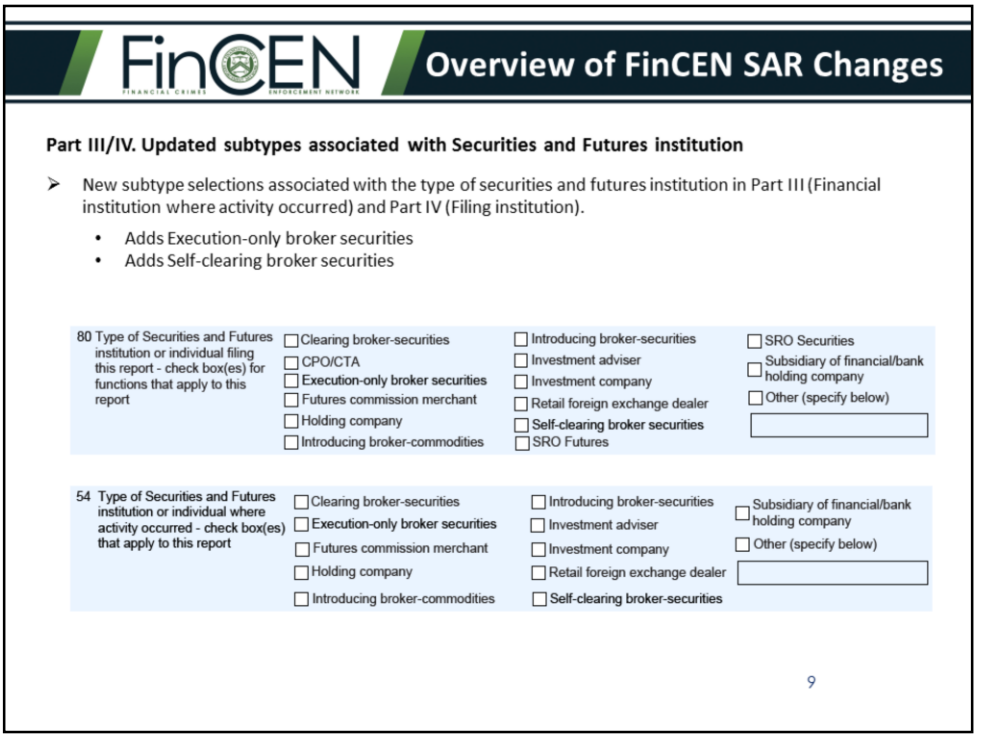
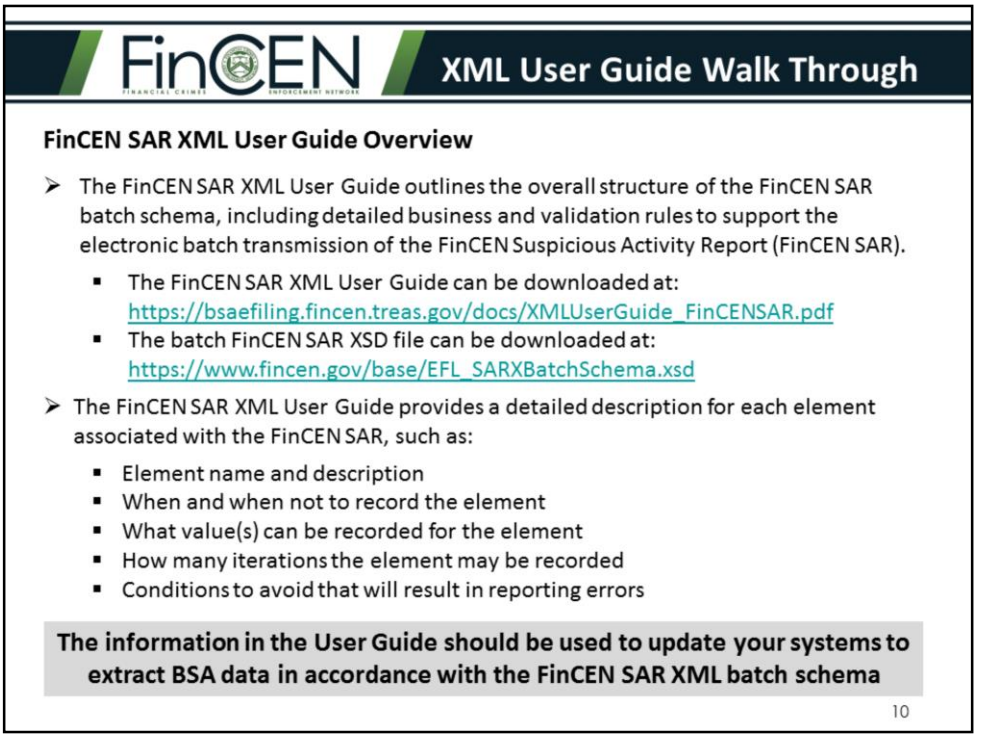


(talk to specific changes detailed on the slide)



In addition to the field updates and changes to SAR, FinCEN is moving to the industry standard of XML for transfer and acceptance of batch filings. This format allows for additional data validation via an XML schema, a more flexible means for future updates or changes, and should make the level of effort needed for programming updates substantially lower as compared to the current ASCII fixed-length format. FinCEN has posted the SAR XML batch schema, as well as the SAR XML User Guide on the BSA E-Filing web site to assist batch filers. The links to these documents are displayed on this slide. The User Guide is the equivalent to the Electronic Filing Requirements for the ASCII format. The document outlines the business and validation rules to support the electronic batch submission of the SAR in XML format, including a detailed description for each element associated with the FinCEN SAR, such as:

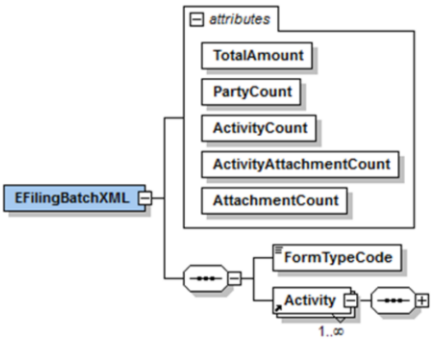
- Element name and description
- When and when not to record the element
- What value(s) can be recorded for the element
- How many iterations the element may be recorded
- Conditions to avoid that will result in reporting errors

Application developers can use the XML User Guide in combination with the actual Batch Schema to extract BSA data and create an E-Filing SAR XML batch for upload to the BSA E-Filing System.

FinCEN SAR XML: File Layout

Overall File Organization

- The following diagrams outline the overall layout of the FinCEN SAR XML batch, as outlined in Section 2.1 of the User Guide.
  - The first element in the XML batch is the **EFilingBatchXML** (i.e. the "root" element). It contains various batch level attributes such as the sum of all total amounts recorded for each FinCEN SAR in the batch. It is also the container for each FinCEN SAR in the batch beginning with the Activity element.



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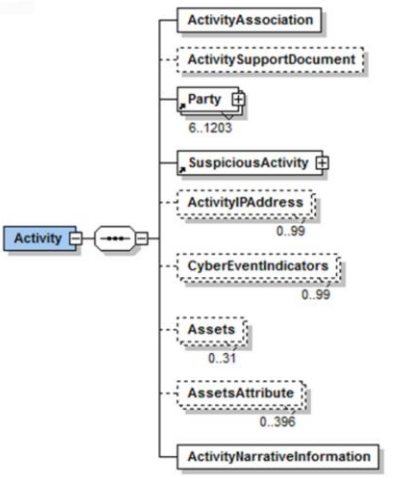
(talk to specific slide details)

FinCEN SAR XML: File Layout

Overall File Organization (cont.)

- The **Activity** element is the container for each FinCEN SAR within the batch. It contains all information related to the FinCEN SAR, including (but not limited to) the transmitter, the reporting financial institution (i.e. filing institution), the financial institution(s) where activity occurred, the subject(s), and suspicious activity details such as the total amount involved, type(s) of suspicious activities, etc.



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(talk to specific slide details)

FinCEN SAR XML: File Layout

Overall File Organization (cont.)

- Each FinCEN SAR activity in the batch must include a separate **Party** element for the following:
  1. Transmitter
  2. Transmitter Contact
  3. Filing Institution
  4. Designated Contact Office
  5. Law Enforcement Agency (if any)
  6. Law Enforcement Name (if any)
  7. Financial Institution(s) Where Activity Occurred
  8. Branch(s) Where Activity Occurred (if any)
  9. Subject(s)
  10. Institution Where Account is Held (if reporting account information related to a subject)

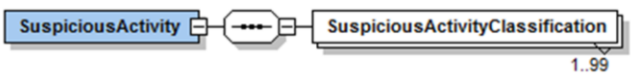
13

(talk to specific slide details)

FinCEN SAR XML: File Layout

Overall File Organization (cont.)

- Among the various sub-elements to the Activity element, the SuspiciousActivity element is used to identify critical details about the suspicious activity, such as the total amount involved and the type(s) of suspicious activity associated with the FinCEN SAR.
- Within this element is the sub-element <SuspiciousActivityClassification>, which must be recorded at least once per FinCEN SAR (but no more than 99 total). This element corresponds with Part II (Items 32-42) of the FinCEN SAR and identifies the type(s) and subtype(s) of suspicious activity involved, such as:
  - Structuring > Transaction(s) below CTR threshold
  - Terrorist financing > Known or suspended terrorist/terrorist group



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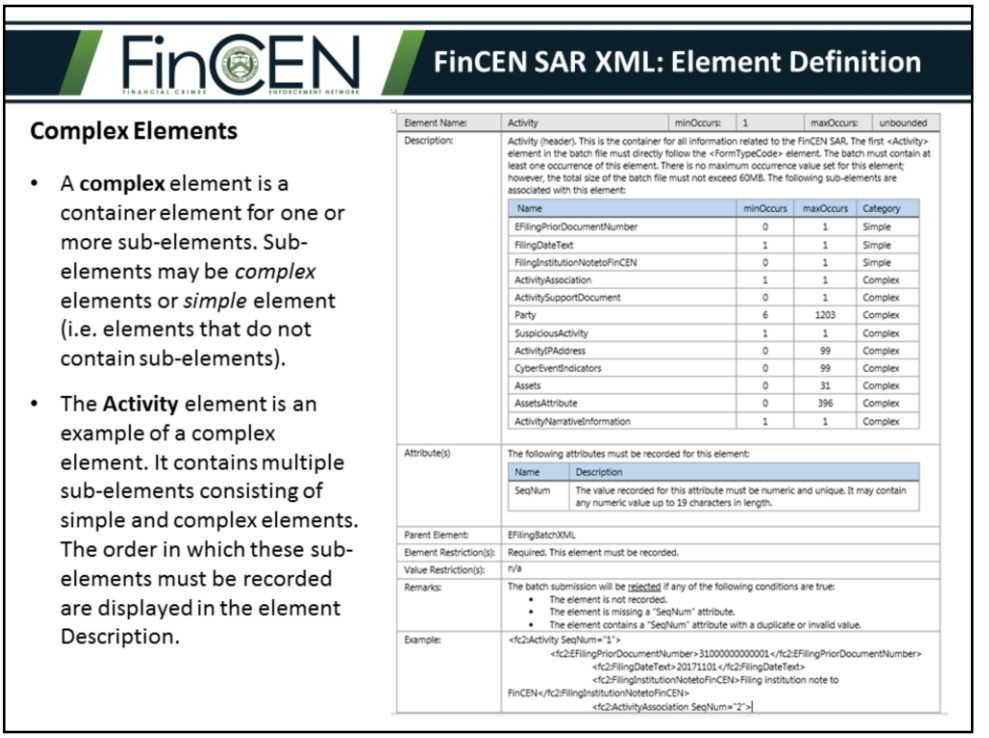

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FinCEN SAR XML: Element Definition

Simple Elements

- The following elements are examples of simple elements within the Activity element:

Element Name:	EFilingPriorDocumentNumber	minOccurs:	0	maxOccurs:	1
Description:	Prior report BSA Identifier (number). This element identifies the BSA Identifier (BSA ID) of the previously-filed FinCEN SAR when filing a correction/amendment and/or a continuing activity report. This element corresponds with the following item(s): • 1e. Prior report BSA Identification Number *Please refer to Attachment C for additional information regarding the above item(s).*				
Attribute(s)	n/a				
Parent Element:	Activity				
Element Restriction(s):	Conditionally Required. Record this element when the FinCEN SAR being filed corrects/amends a prior report and/or is a continuing activity report; otherwise, do not record this element.				
Value Restriction(s):	The value provided must adhere to the following requirements: 14-digit numeric BSA ID (if known); 14 consecutive zeros, i.e. "00000000000000" (if the BSA ID is unknown).				
Remarks:	The batch submission will be accepted with warning if any of the following conditions are true: • The element is recorded but without a value (i.e. the value is null). • The value recorded does not equal 14 numeric characters. • The element is not recorded and one or both of the following elements contains a "Y" value: o <CorrectsAmendsPriorReportIndicator> o <ContinuingActivityReportIndicator> • The element is recorded (with a valid value) and one or both of the following elements contains a "Y" value: o <CorrectsAmendsPriorReportInd o <ContinuingActivityReportIndica				
Example:	<fc2:EFilingPriorDocumentNumber>3100000000000				

EFilingPriorDocumentNumber

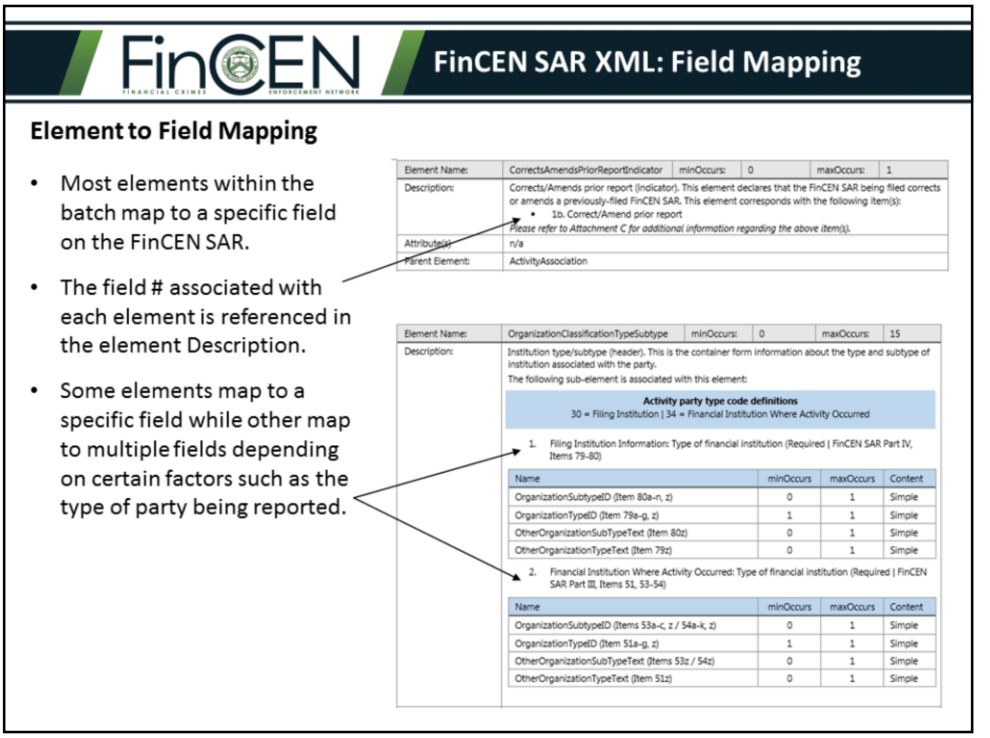
The EFilingPriorDocumentNumber is an example of a *conditionally required* simple element. The condition upon which this element must be recorded is described in the *Element Restrictions* which requires this element to be recorded when the FinCEN SAR corrects/amends a prior report and/or is a continuing report).

FilingDateText

The FilineDateText is an example of a *required* simple element. This element must be recorded for each FinCEN SAR, as noted in the Element Restrictions.

Element Name:	FilingDateText	minOccurs:	1	maxOccurs:	1
Description:	Date filed (date). This element identifies the date in which the FinCEN SAR is being filed electronically through FinCEN's BSA E-Filing System. This element corresponds with the following item(s): • 95. Date filed *Please refer to Attachment C for additional information regarding the above item(s).*				
Attribute(s)	n/a				
Parent Element:	Activity				
Element Restriction(s):	Required. This element must be recorded.				
Value Restriction(s):	The value provided must adhere to the following requirements: 8 numeric characters in the format YYYYMMDD where YYYY = year, MM = month, and DD = day. Single digit days or months must be prefaced by a zero.				
Remarks:	The batch submission will be rejected if any of the following conditions are true: • The element is not recorded. • The element is recorded but without a value (i.e. the value is null). • The value recorded for the element is not a valid date in the format YYYYMMDD. • The value recorded for the element is a date greater than the current date or less than January 1, 2000.				
Example:	<fc2:FilingDateText>20171101</fc2:FilingDateText>				

(talk to specific slide details)



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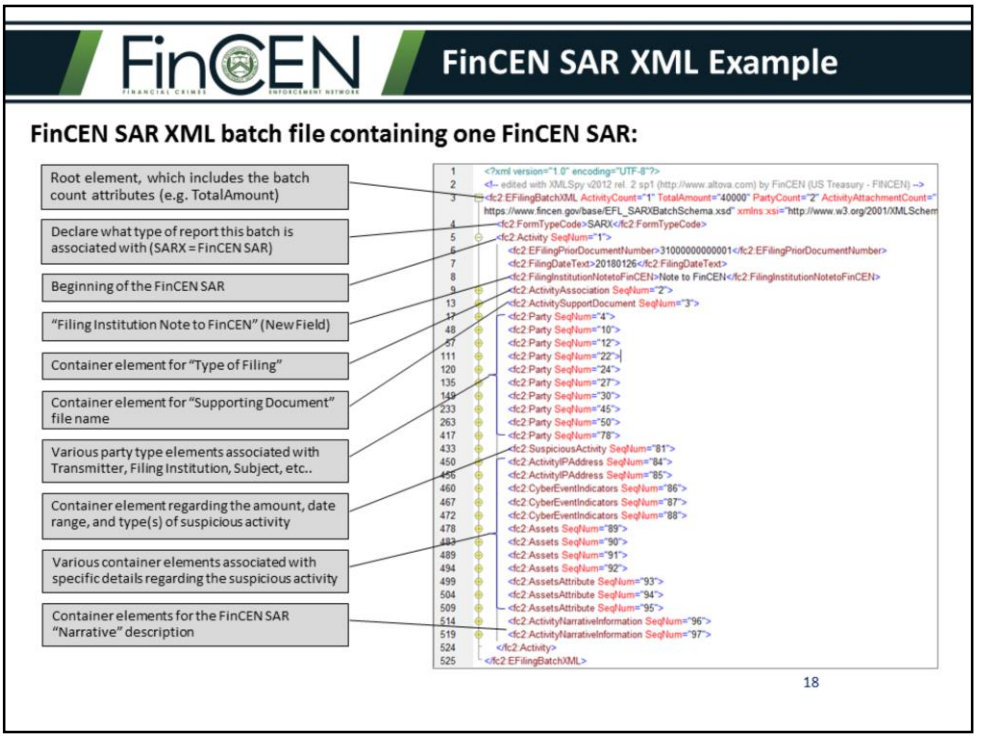

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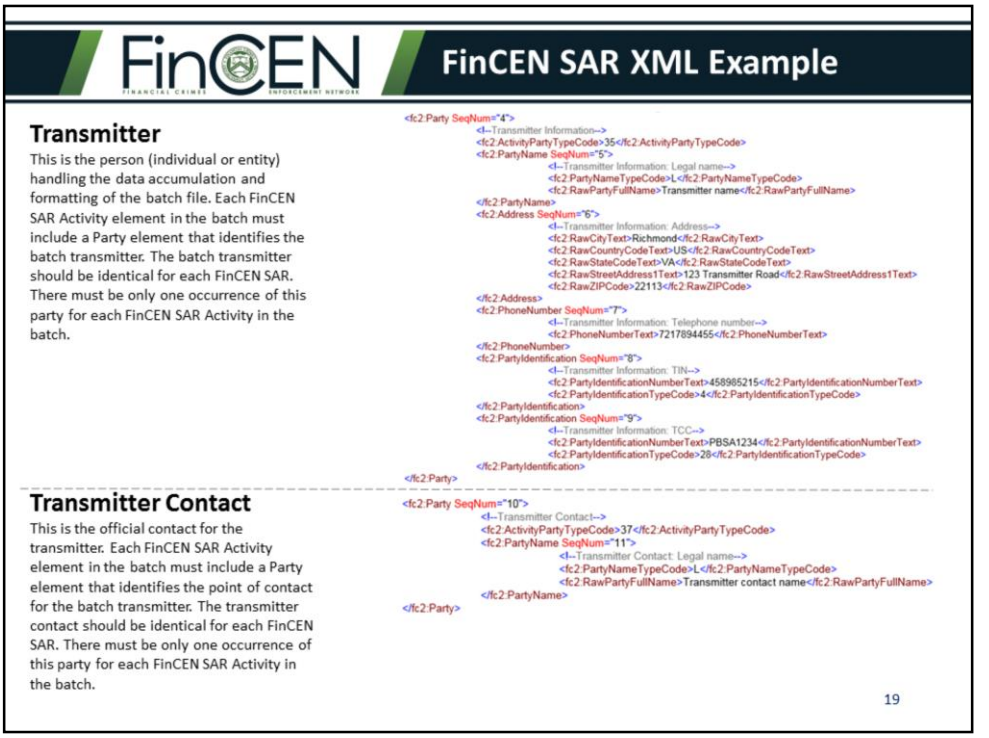

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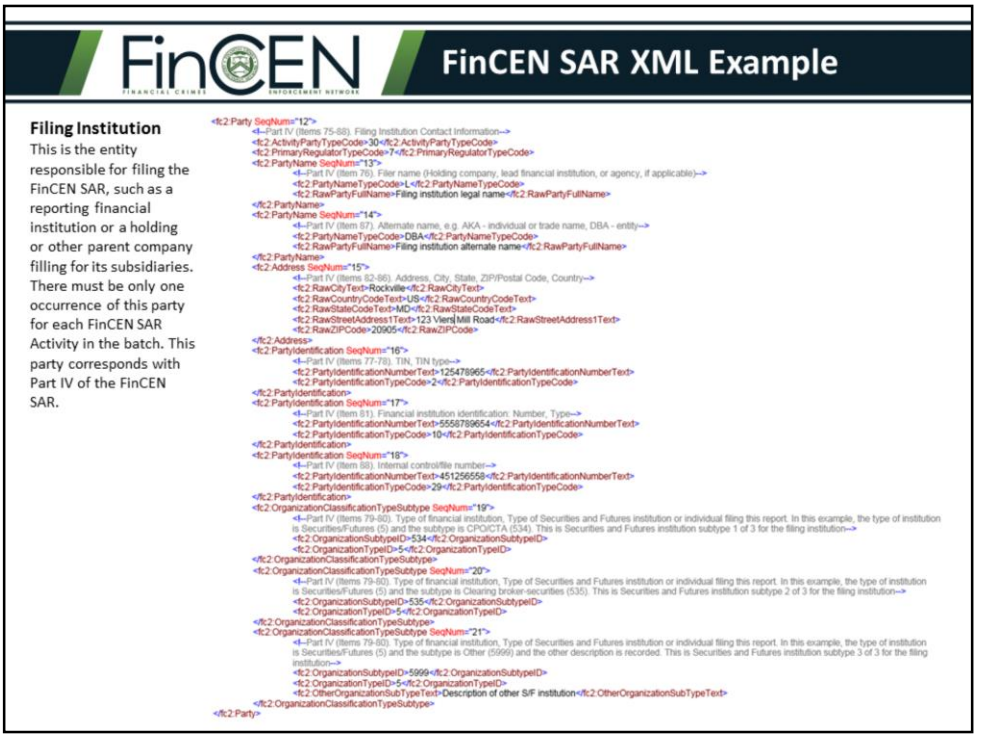

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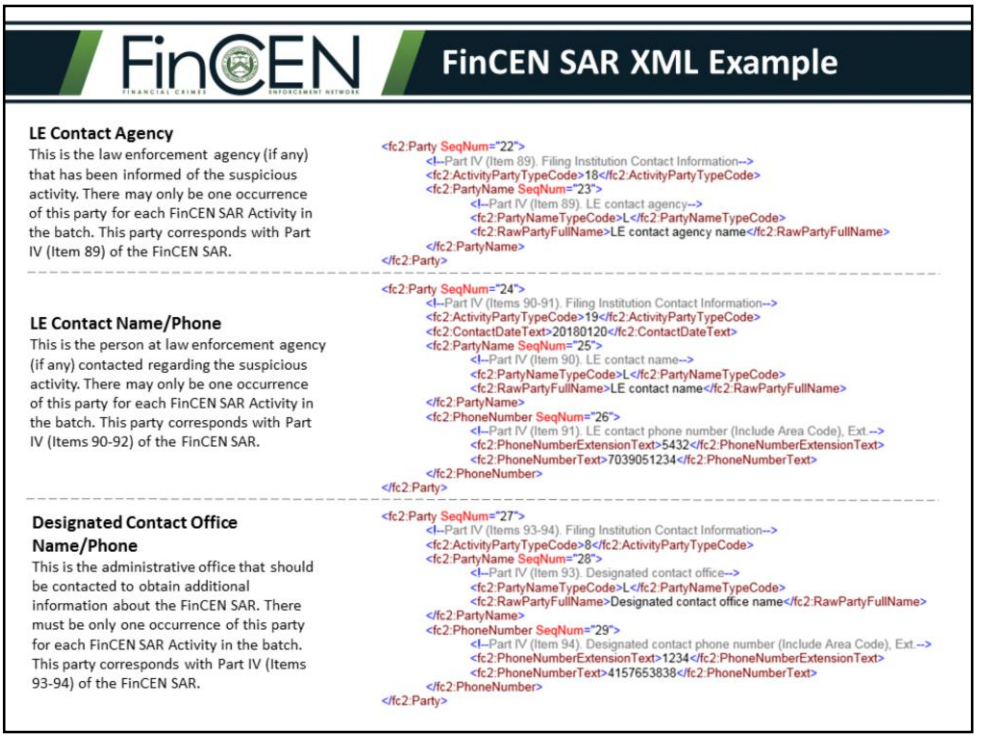

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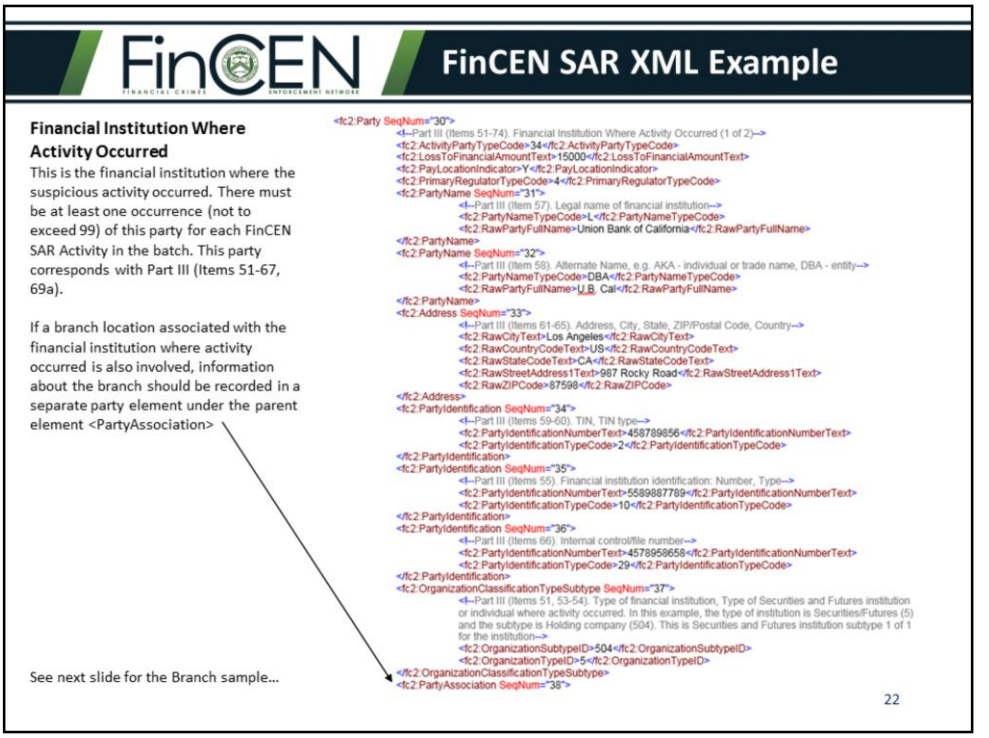

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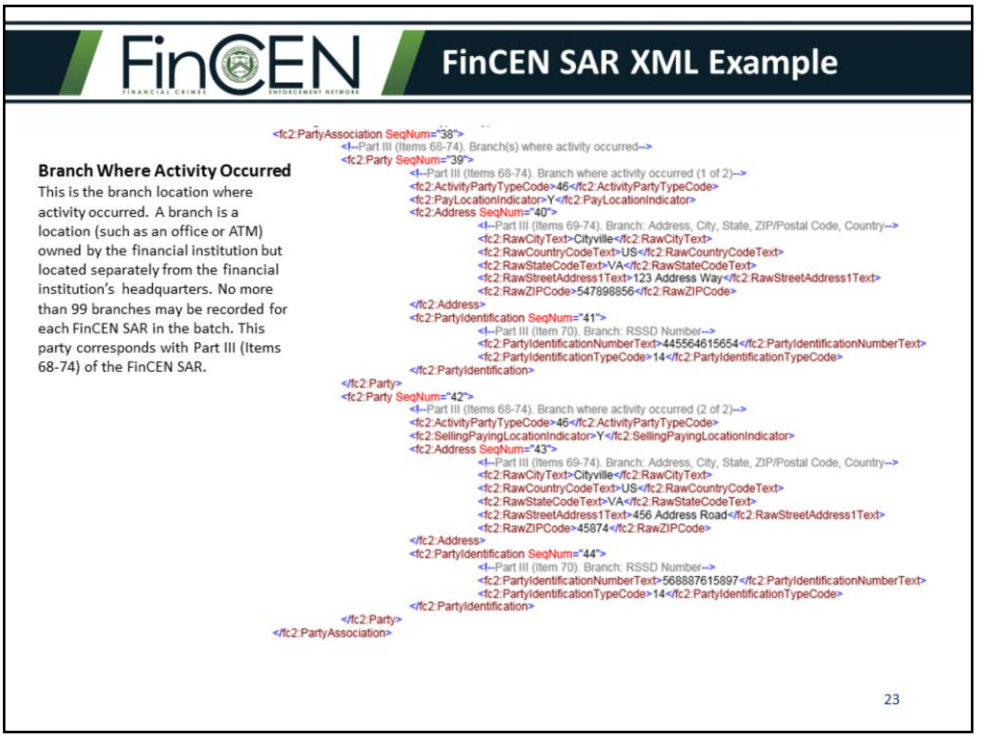

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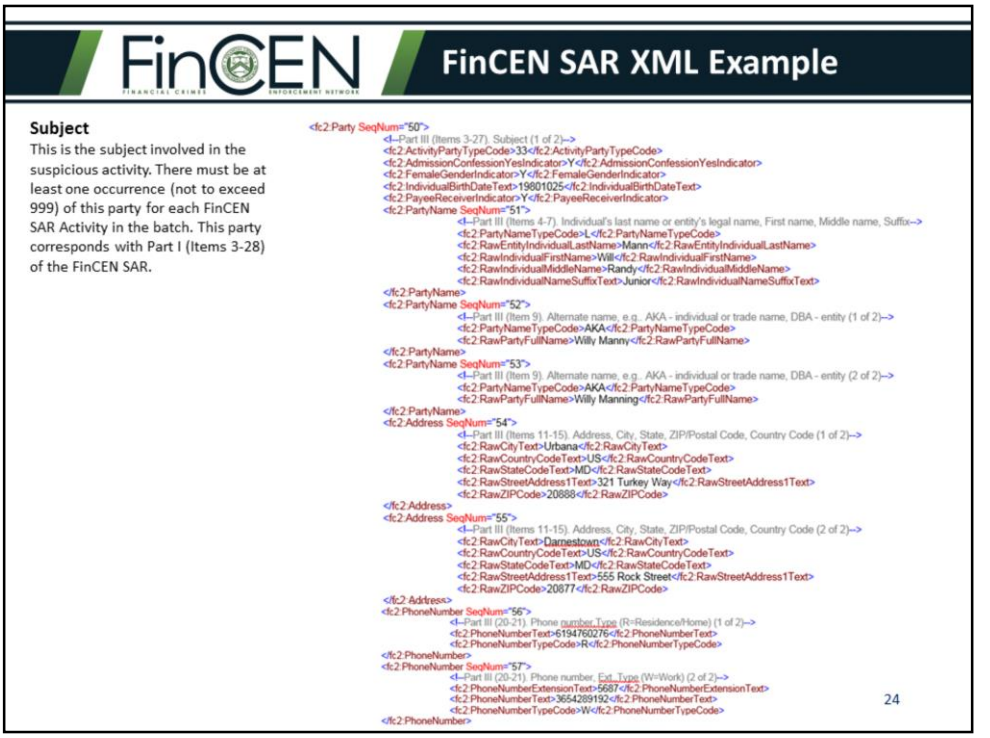

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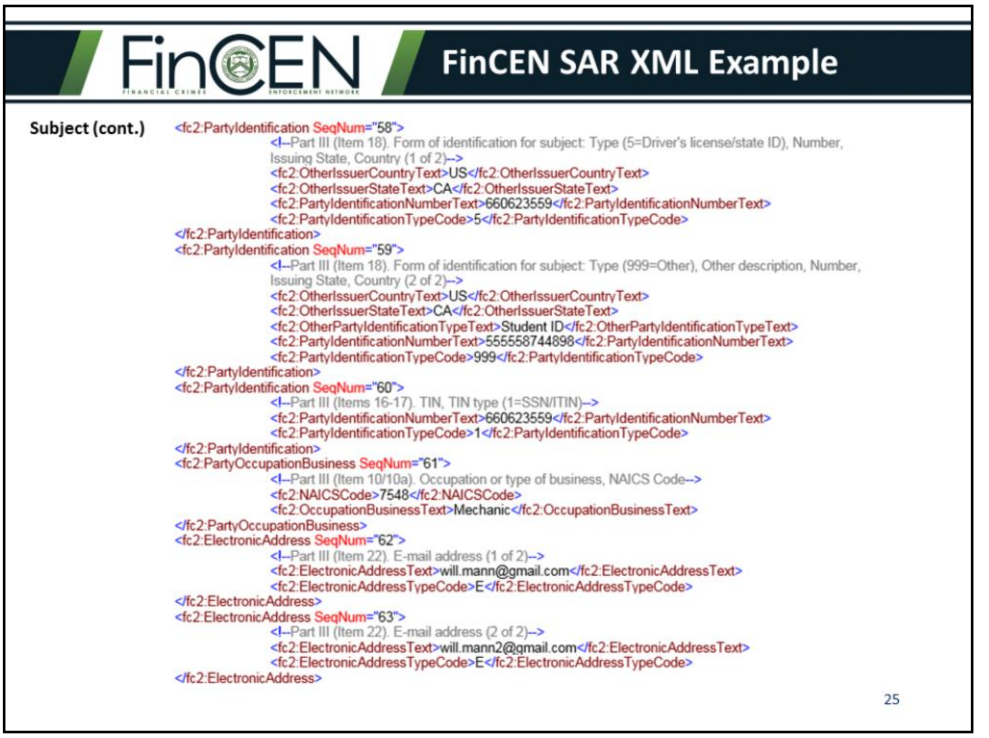

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FinCEN SAR XML Example

Subject (cont.)

```
<fc2:ElectronicAddress SeqNum="64">
        <!--Part III (Item 22a). Website (URL) address (1 of 2)-->
        <fc2:ElectronicAddressText>https://www.will  mann.org</fc2:ElectronicAddressText>
        <fc2:ElectronicAddressTypeCode>U</fc2:ElectronicAddressTypeCode>
</fc2:ElectronicAddress>
<fc2:ElectronicAddress SeqNum="65">
        <!--Part III (Item 22a). Website (URL) address (2 of 2)-->
        <fc2:ElectronicAddressText>http://www.will_mann2.org</fc2:ElectronicAddressText>
        <fc2:ElectronicAddressTypeCode>U</fc2:ElectronicAddressTypeCode>
</fc2:ElectronicAddress>
<fc2:PartyAssociation SeqNum="66">
        <!--Part III (Items 24-26). Relationship of subject to institution listed in Part III or IV: Institution TIN, Relationship type,
        Status of relationship, Action date (1 of 2)-->
        <fc2:ActionTakenDateText>20170905</fc2:ActionTakenDateText>
        <fc2:DirectorIndicator>Y</fc2:DirectorIndicator>
        <fc2:ResignedIndicator>Y</fc2:ResignedIndicator>
        <fc2:SubjectRelationshipFinancialInstitutionTINText>458789856</fc2:SubjectRelationshipFinancialInstitutionTINText>
</fc2:PartyAssociation>
<fc2:PartyAssociation SeqNum="67">
        <!--Part III (Items 24-26). Relationship of subject to institution listed in Part III or IV: Institution TIN(Unknown, thus not
        recorded), Relationship type (2 of 2)-->
        <fc2:AgentIndicator>Y</fc2:AgentIndicator>
</fc2:PartyAssociation>
```

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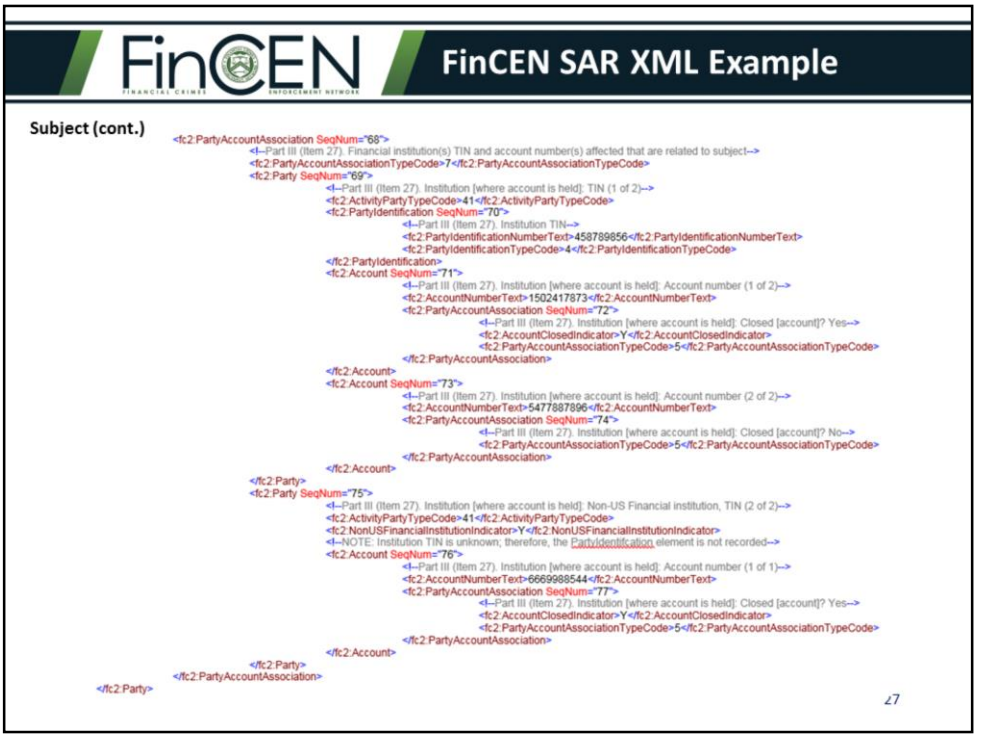

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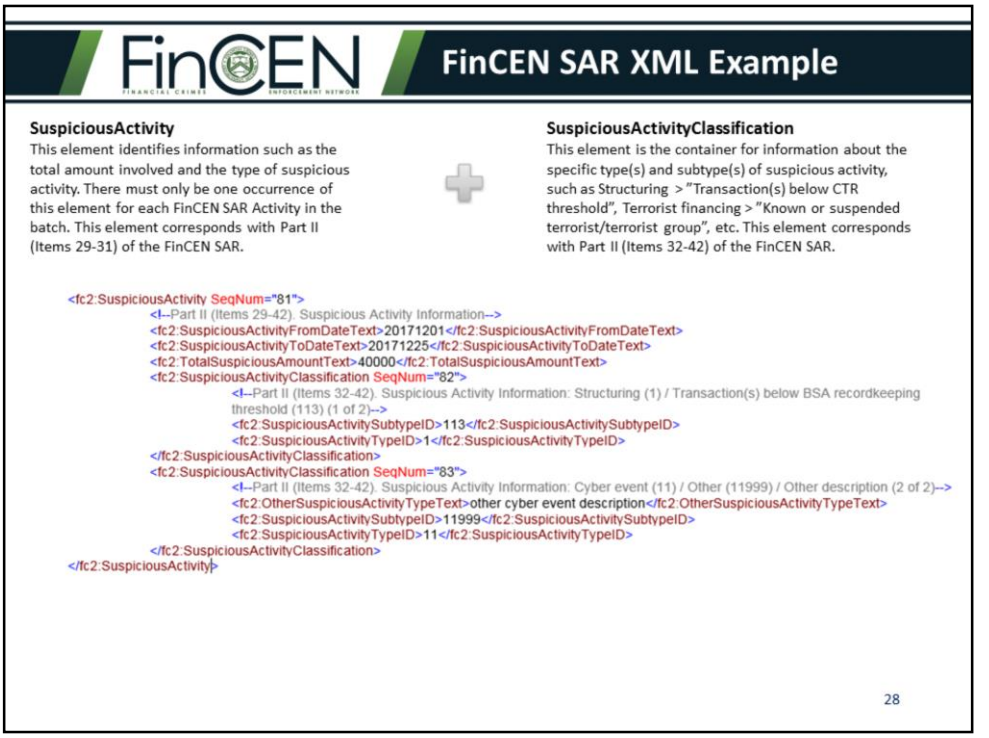

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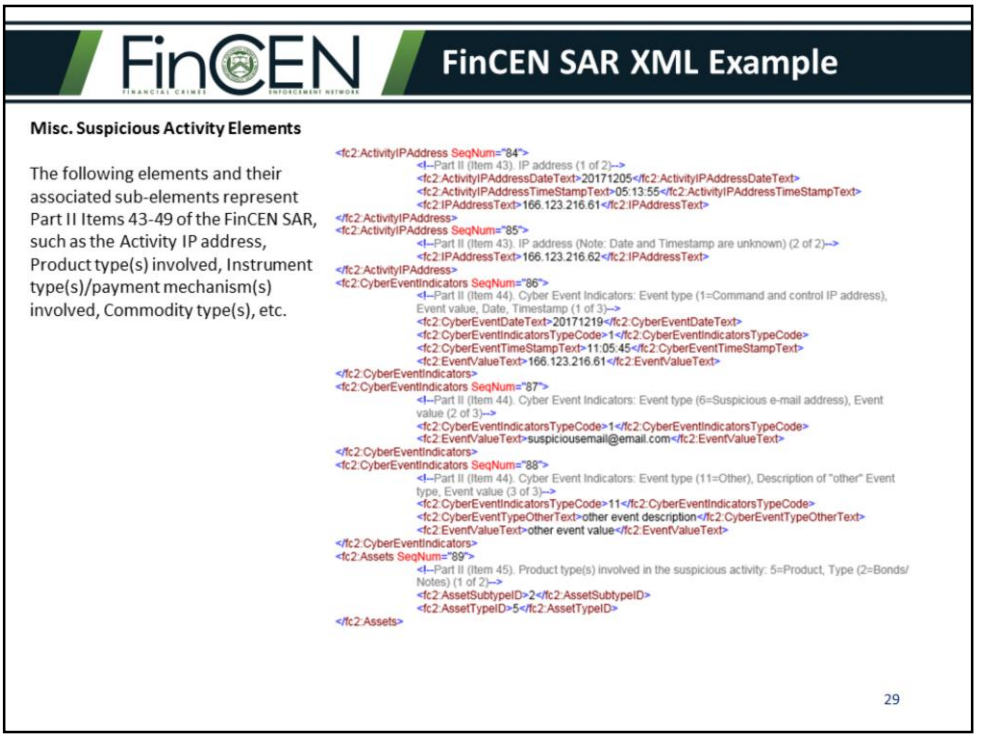
As the container for information about the details of the suspicious activity, this element identifies information such as the total amount involved and the type of suspicious activity. This element should be recorded after the final Party element is recorded for the FinCEN SAR. There must only be one occurrence of this element for each FinCEN SAR Activity in the batch. This element corresponds with Part II (Items 29-31) of the FinCEN SAR.

Within this element is the sub-element <SuspiciousActivityClassification>, which must be recorded at least once per FinCEN SAR (but no more than 99 total). This element is the container for information about the specific type(s) and subtype(s) of suspicious activity, such as Structuring > "Transaction(s) below CTR threshold", Terrorist financing > "Known or suspended terrorist/terrorist group", etc. This element corresponds with Part II (Items 32-42) of the FinCEN SAR.



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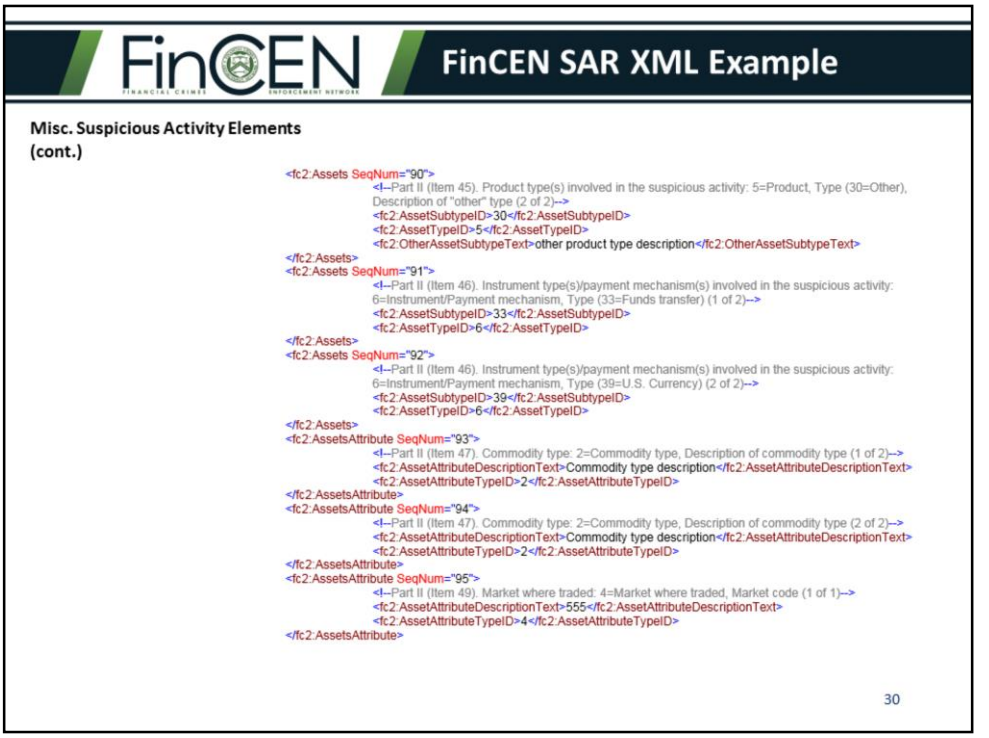

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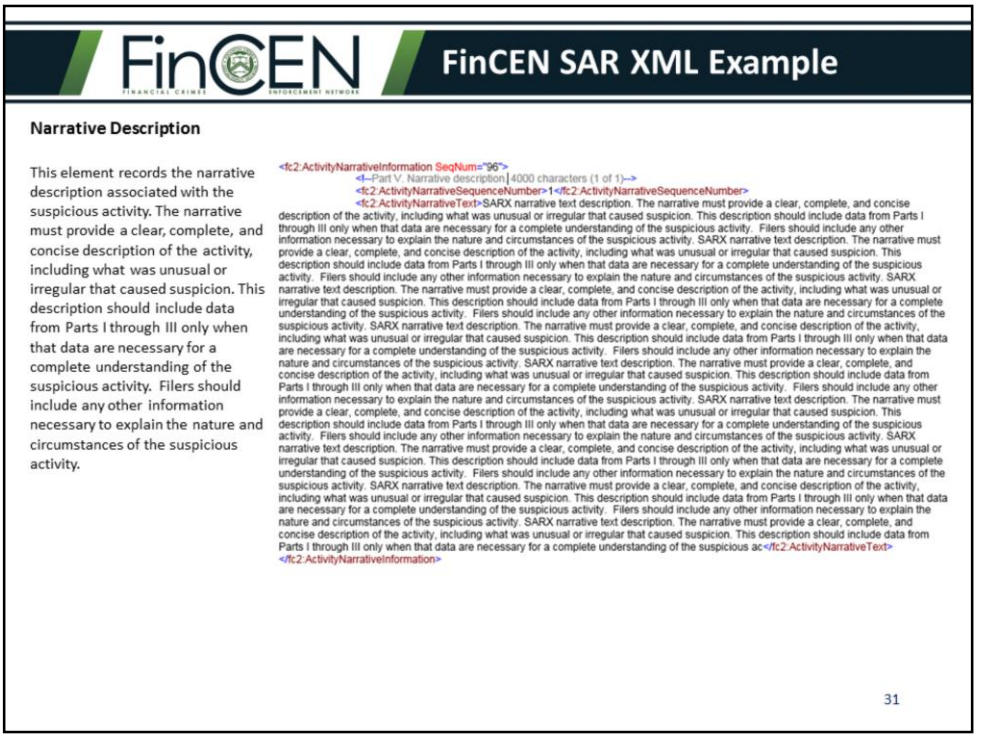
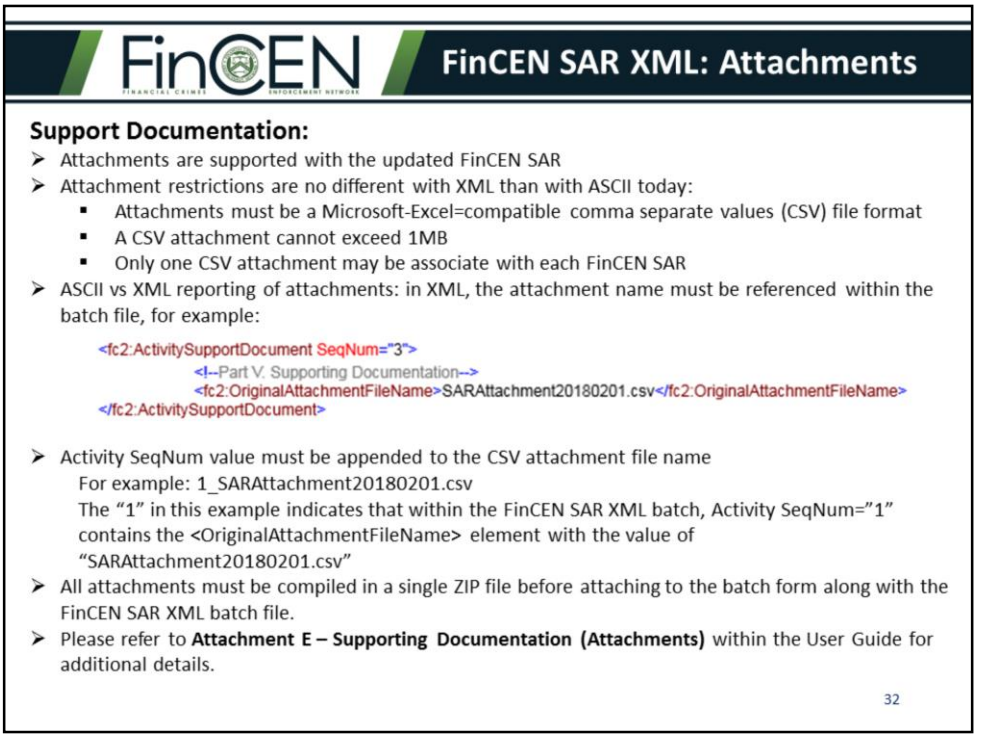


(talk to specific slide details)

Each ActivityNarrativeText may contain up to 4000 characters. If your narrative is greater than 4000 characters, a second iteration of the ActivityNarrativeInformation element must be recorded where another set of 4000 characters may be recorded. This sequence may occur up to 5 times for each FinCEN SAR, totally no more than 20,000 characters for each FinCEN SAR narrative. Be sure to record the appropriate ActivityNarrativeSequenceNumber, 1 through 5, to indicate to FinCEN what the appropriate order the narrative appears in.



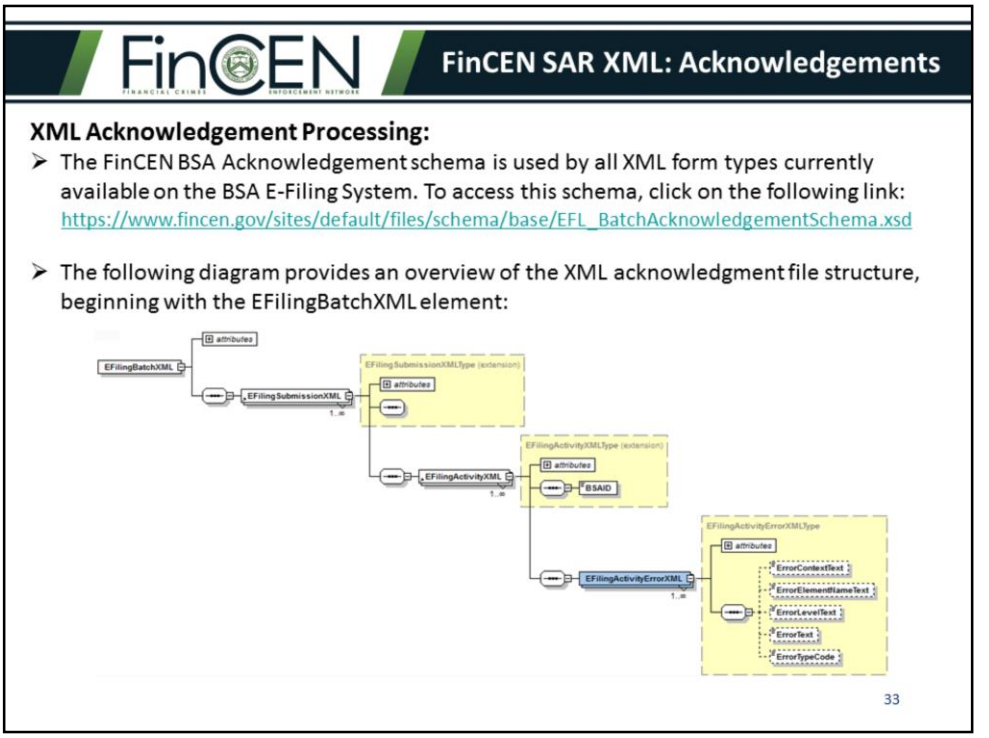
- FinCEN SAR filers continue to have the option to attach supporting documentation with their discrete or batch submission in XML format

- FinCEN SAR filers may, but are not required to, attach a Microsoft Excel-compatible comma separated values (CSV) file (no larger than 1 MB) providing details in tabular form of transactions subject to the suspicious activity discussed in Part V "Narrative Description" of the FinCEN SAR.

- The major difference between ASCII and XML reporting of attachments is that in the new SAR XML format, the actual attachment name must be referenced with the FinCEN SAR Activity element (see example).

- Filers must append the SeqNum value of the corresponding FinCEN SAR Activity element in the batch file to the CSV attachment file name (see example).

- All attachments must be compiled in a single ZIP file before attaching to the batch form along with the FinCEN SAR XML batch file.



- The FinCEN BSA Acknowledgement schema is used by all XML form types currently available on the BSA E-Filing System. To access this schema, click on the link displayed here:

  https://www.fincen.gov/sites/default/files/schema/base/EFL_BatchAcknowledgementSchema.xsd

- The following diagram provides an overview of the XML acknowledgment file structure, beginning with the EFilingBatchXML element

FinCEN SAR XML: Acknowledgements

XML Acknowledgement Processing: Example

The example above consists of three (3) FinCEN SAR activities based on the original FinCEN SAR batch submission:

- Each FinCEN SAR from the original batch submission is associated with a <EFilingActivityXML> element
- Each FinCEN SAR receives a unique BSA Identifier (BSA ID)
- FinCEN SAR (BSA ID: 31000055053784) contains two errors (C21 & C4)
- FinCEN SAR (BSA ID: 31000055053785) contains no errors
- FinCEN SAR (BSA ID: 31000055053786) contains no errors

```
<?xml version="1.0" encoding="UTF-8"?>
<EFilingBatchXML StatusCode="A" SeqNum="1" xmlns="www.fincen.gov/base">
    <EFilingSubmissionXML StatusCode="A" SeqNum="1">
        <EFilingActivityXML SeqNum="1">
            <BSAID>31000055053784</BSAID>
            <EFilingActivityErrorXML SeqNum="1">
                <ErrorContextText>EFilingBatchXML/Activity[1]/Party[25]/PartyIdentification[49]/PartyIdentificationNumberText</ErrorContextText>
                <ErrorElementNameText>PartyIdentificationNumberText</ErrorElementNameText>
                <ErrorLevelText>WARN</ErrorLevelText>
                <ErrorText>The value recorded for the EIN or SSN/ITIN is an invalid number string.</ErrorText>
                <ErrorTypeCode>C21</ErrorTypeCode>
            </EFilingActivityErrorXML>
            <EFilingActivityErrorXML SeqNum="2">
                <ErrorContextText>EFilingBatchXML/Activity[1]/Party[78]/PartyName[84]/RawIndividualFirstName</ErrorContextText>
                <ErrorElementNameText>RawIndividualFirstName</ErrorElementNameText>
                <ErrorLevelText>WARN</ErrorLevelText>
                <ErrorText>The element is not recorded or does not contain a value for an individual Subject and unknown is not indicated.</ErrorText>
                <ErrorTypeCode>C4</ErrorTypeCode>
            </EFilingActivityErrorXML>
        </EFilingActivityXML>
        <EFilingActivityXML SeqNum="2">
            <BSAID>31000055053785</BSAID>
            <EFilingActivityErrorXML SeqNum="1"/>
        </EFilingActivityXML>
        <EFilingActivityXML SeqNum="3">
            <BSAID>31000055053786</BSAID>
            <EFilingActivityErrorXML SeqNum="1"/>
        </EFilingActivityXML>
    </EFilingSubmissionXML>
</EFilingBatchXML>
```

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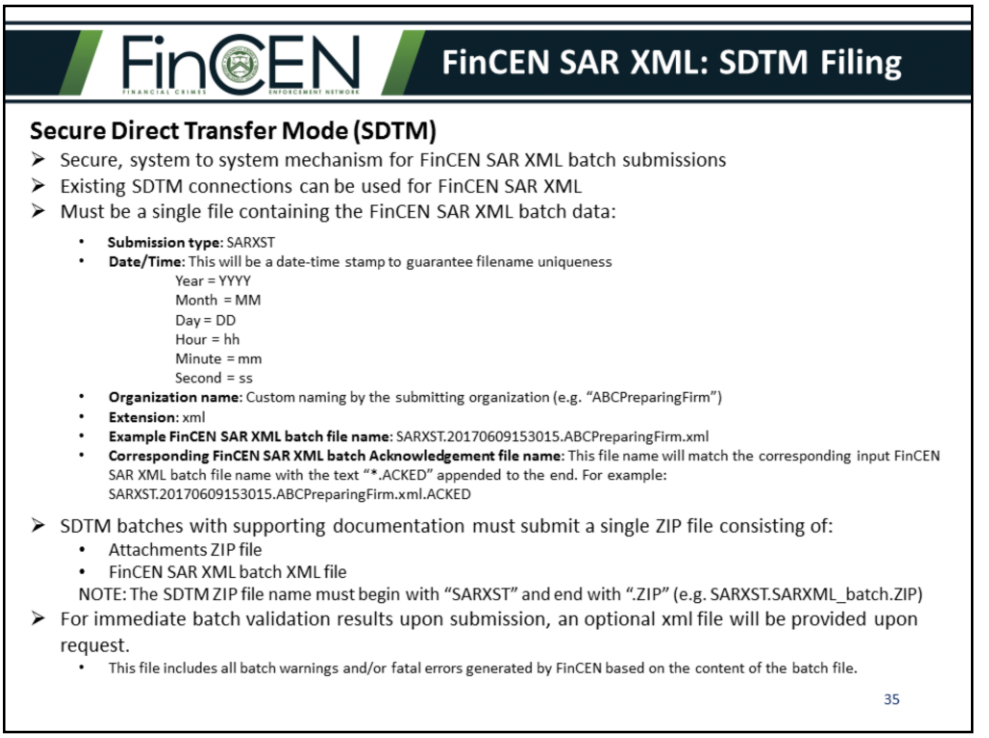
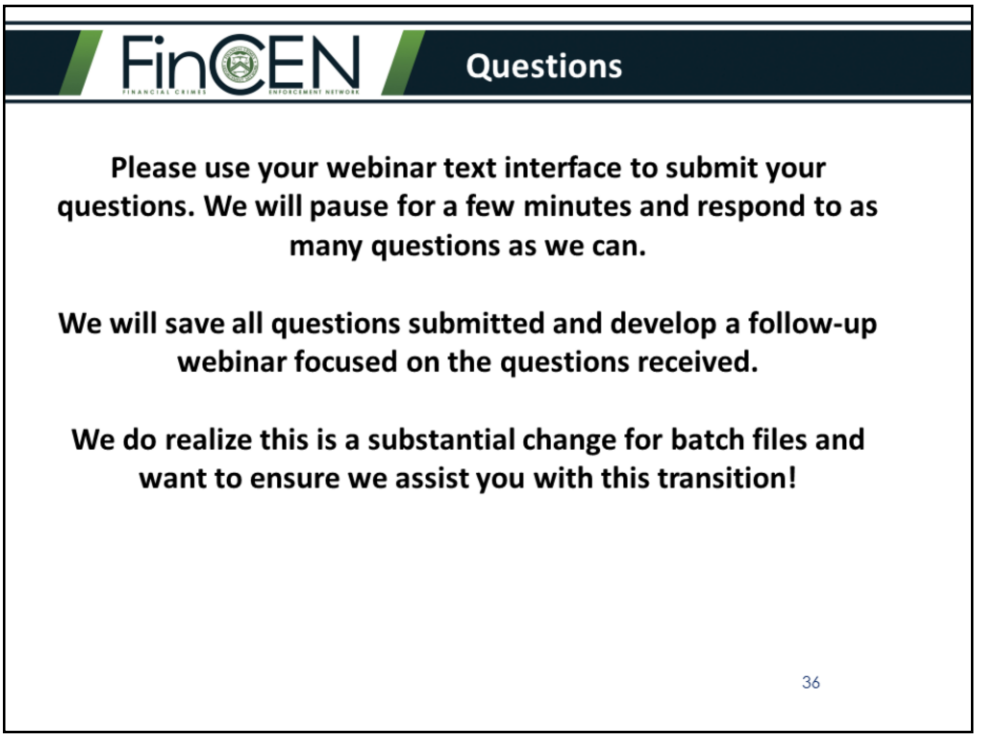
(talk to specific slide details)



- SDTM allows for a secure, system to system mechanism for transferring batch submissions from your organization's internal server to the BSA E-Filing server. FinCEN will continue to provide the ability for filers to submit the FinCEN SAR XML batch file securely via the Internet using a VPN device or Connect:Direct software.
- Filers can continue to use their existing SDTM connections for transmission of their FinCEN SAR XML batch files
- For filers using this option for filing, SDTM filers can submit a single file containing the FinCEN SAR XML batch data. The file naming convention is displayed here for your convenience.
- For SDTM batch submission containing supporting documentation, filers must submit a single ZIP file containing the FinCEN SAR XML batch file along with the corresponding attachment zip file. This single ZIP file is composed of one FinCEN SAR XML batch file and one attachment ZIP file. The attachment ZIP file shall follow the same attachment requirements described in Attachment E of the User Guide. The single ZIP file name must start with "SARXST." and end with ".ZIP". For example: SARXST.SARXML_batch.ZIP. FinCEN SAR XML SDTM batch files without any attachment shall follow the naming convention described in Attachment D of this guide.
- For immediate batch validation results upon submission, an optional xml file will be provided upon request.

- This file includes all batch warnings and/or fatal errors generated by FinCEN based on the content of the batch file.



(talk to specific slide details)